

**In the Supreme Court of the United States**

**OCTOBER TERM, 1946**

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**Nos. 1368, 1369**

**PROTECTIVE COMMITTEE FOR BONDS OF OLD COLONY  
RAILROAD COMPANY, PETITIONERS**

*v.*

**THE NEW YORK, NEW HAVEN AND HARTFORD  
RAILROAD COMPANY, DEBTOR, ET AL.**

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**INSTITUTIONAL GROUP FOR BOSTON TERMINAL  
BONDS, PETITIONERS**

*v.*

**THE NEW YORK, NEW HAVEN AND HARTFORD  
RAILROAD COMPANY, DEBTOR, ET AL.**

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**ON PETITIONS FOR WRITS OF CERTIORARI TO THE UNITED  
STATES CIRCUIT COURT OF APPEALS FOR THE SECOND  
COURT**

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**MEMORANDUM FOR THE RECONSTRUCTION FINANCE  
CORPORATION**

The Reconstruction Finance Corporation (hereinafter referred to as RFC), as a holder of collaterally secured notes of The New York, New Haven and Hartford Railroad Company, is

(1)

a respondent in this reorganization proceeding, and supported the reorganization plan in the lower courts.

In view, however, of the circumstances outlined below, the RFC's financial interest in the proceeding is no longer of sufficient substance to warrant it in taking any position with respect to the petitions for certiorari.

The Interstate Commerce Commission's original report approving a plan of reorganization for *The New York, New Haven and Hartford Railroad Company*, 239 I. C. C. 337, 459, (1940), shows RFC as the holder of \$10,730,415 principal amount of the Railroad Company's notes, some of which evidenced loans made by the RFC to the Railroad Company and others evidenced loans made by the Public Works Administration and acquired from that Administration by the RFC.

On June 7, 1946, the unpaid principal balance of these notes had been reduced to \$2,611,619.10, such reduction having been effected by payments of income from and proceeds derived from the liquidation of the pledged collateral. On May 15, 1947, the unpaid principal balance of these notes had been reduced to \$727,432.33 by means of further payments of income from proceeds derived from the liquidation of pledged collateral.

As most of the payments in reduction of these notes have represented income rather than proceeds of pledged collateral, the remaining obliga-

tion to RFC is fully secured, irrespective of the disposition of the issues raised by the petitions for certiorari. If the past is any guide to the future it is entirely reasonable to expect that payments on account of the collateral will operate to liquidate the notes completely in the comparatively near future and prior to the consummation of the reorganization of the Railroad Company.

Respectfully submitted,

GEORGE T. WASHINGTON,  
*Acting Solicitor General.*

JAMES L. DOUGHERTY,  
*General Counsel.*

W. MEADE FLETCHER,  
*Chief Railroad Counsel,*  
*Reconstruction Finance Corporation.*

MAY 1947.